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ABSTRACT

This volume describes federal student financial aid programs that are administered at the state level. Students must meet state eligibility requirements to receive assistance or benefits from these programs. The State grant programs are: (1) the Leveraging Educational Assistance Partnership (LEAP) Program; (2) the Special Leveraging Educational Assistance Partnership (SLEAP) Program; (3) the Robert C. Byrd Honors Scholarship Program; and (4) Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR Up). Chapter 1 describes the LEAP program and its administration, while chapter 2 describes the Byrd Scholarship Program. (SLD)

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State Grant Programs

2002-2003

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Volume #9

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Federal Student Aid

Handbook

Volume 9 of 9

Application and Verification Guide

Student Loan Guide

Volume 1: Student Eligibility

Volume 2: Institutional Eligibility and Participation

Volume 3: Federal Pell Grant Program

Volume 4: Campus-Based Common Provisions

Volume 5: Perkins Loans

Volume 6: Federal Work-Study

Volume 7: FSEOG

Volume 8: Direct Loan and FFEL Programs

Volume 9: State Grant Programs

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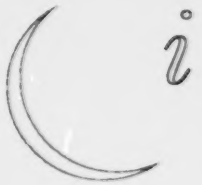
Introduction



The programs covered in this volume are administered at the state level. Students must meet state eligibility criteria to receive assistance or benefits from these programs.

THE STATE GRANT PROGRAMS

The state grant programs are:

- Leveraging Educational Assistance Partnership (LEAP) Program (formerly known as the State Student Incentive Grant [SSIG] Program)
- Special Leveraging Educational Assistance Partnership (SLEAP) Program
- Robert C. Byrd Honors Scholarship (Byrd Scholarship) Program
- Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

The Higher Education Amendments of 1998 renamed the SSIG Program the LEAP Program. The LEAP Program, covered in Chapter 1, provides grants to states to help those states provide need based grant and work-study assistance to eligible needy postsecondary students.

The SLEAP Program, covered in Chapter 1 of this volume, is an additional component of the LEAP Program. The SLEAP Program provides incentive grants to states to assist them in providing grants, scholarships, and community service work-study assistance to eligible needy postsecondary students.

Under the Byrd Scholarship Program, covered in Chapter 2, the Secretary makes grants to states to enable those states to award scholarships to high school seniors who have demonstrated outstanding academic achievement and who show promise of continued academic achievement. (Scholarship recipients are called Byrd Scholars.)

LEAP and SLEAP Program Cites

Title IV, Part A, Subpart 4 of the Higher Education Act of 1965, as amended. Program regulations are found in 34 CFR 692.

Byrd Program Cites

Title IV, Part A, Subpart 6 of the Higher Education Act of 1965, as amended. Program regulations are found in 34 CFR 654.

GEAR UP Cites

Title IV, Part A, Subpart 2, chapter 2 of the Higher Education Act of 1965, as amended. Program regulations are found under 34 CFR 694.

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The Higher Education Amendments of 1998 created the Gaining Early Awareness and Readiness for Undergraduate Programs. GEAR UP replaces the National Early Intervention Scholarship and Partnership (NEISP) Program. GEAR UP comprises two component programs that provide competitive grants aimed at improving early college preparation for lower-income students. The State grant component provides funding directly to states, and the Partnership grant component provides funding to partnerships of colleges, local schools, and at least two community organizations or entities such as businesses, philanthropic organizations, state agencies, or other community-based organizations. You can obtain more information on GEAR UP at its web site:

http://www.ed.gov/gearup

The Higher Education Amendments of 1998 did not reauthorize the Douglas Scholarship Program. However, each former scholarship recipient must continue to fulfill the scholarship agreement he or she made upon receipt of the scholarship.

Leveraging Educational Assistance Partnership (LEAP) Program

CHAPTER 1

The LEAP Program helps states provide grants to students who demonstrate substantial financial need, enabling those students to attend postsecondary schools.

PROVIDING FUNDS TO STATES

Under the LEAP Program, the Secretary of Education (the Secretary) provides states with funds to establish a state grant program assisting students who demonstrate substantial financial need. States must, at a minimum, match LEAP grants dollar for dollar with funds provided through direct state appropriations. These state programs carry a variety of names that do not necessarily include the name "LEAP" in their titles. The LEAP Program makes funds available to the 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands.

School and Student Inquiries

Because state programs vary, student and school inquiries about LEAP and other state grant, scholarship, and work-study assistance should be directed to the state higher education agency that administers the program in their state. You can find this list electronically at the following web site:

http://www.ed.gov/Progarms/bastmp/SHEA.htm

To help financial aid administrators understand the variety of state practices, this section describes some of the conditions and regulations that affect state program operations.

MATCHING REQUIREMENTS

Each eligible participating state receives an annual LEAP allotment (formula grant) from the Department based on the state's eligible postsecondary education enrollment. The federal allotments must be matched by funds appropriated by the state, and this matching must represent an increase in the state-appropriated grant and work-study expenditure over the amount spent during an established base year (defined as the second year before the state began participating in the

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LEAP Program). The state must maintain its matching LEAP Program expenditures at a level not less than the average for the preceding three fiscal years, or at the level of the average per full-time equivalent student for those years. LEAP Program expenditures used in matching the federal allotment must be the net amount of expenditures and should not include any refunded or returned amounts that were not actually expended.

Matching in Auditable Dollar Amounts

Matching must be in auditable dollar amounts. Tuition waivers or remissions may be considered grants only if money actually changes hands from state to school to student, and if this transfer can be documented as a cash transaction in the records at each level.

COMMUNITY SERVICE-LEARNING JOB PROGRAM

Each award year, a state may use up to 20% of its allotment for a community service-learning job program. The student must receive compensation for work, not a grant. The job program must be administered by postsecondary schools in the state, and each student employed under the program must be employed in work for the public interest. The employer may be a school; a federal, state, or local public agency; or a private nonprofit organization. An arrangement must be established between the school and the agency or organization.

Schools, in consultation with local nonprofit, governmental, and community-based organizations, identify jobs (in direct service, planning, or applied research) that are designed to improve the quality of life for residents (particularly low-income residents) of the community served. Each community service-learning job must

- provide the participating student with a job related to his or her educational or vocational program or goals;
- be governed by conditions of employment that are considered appropriate and reasonable, based on such factors as type of work performed, geographic region, and proficiency of the employee;
- pay at least the current federal minimum wage as mandated by the Fair Labor Standards Act of 1938 (not the subminimum wage);
- not displace employed workers or impair existing contracts for service; and
- not involve the construction, operation, or maintenance of any part of a facility used or to be used for religious worship or sectarian instruction.

Funding Reallotment

Basic LEAP allotments not used by one state are reallotted to other qualified states. Within the constraints of federal appropriations, states are free to schedule their own funding cycles for students, but funds may not be carried over from one fiscal year to the next. However, the funds may be used for the summer term if the term falls within the program year (July 1 through June 30) for which the funds were appropriated.

ADMINISTRATIVE PATTERNS

A state may choose different ways to administer its program. The state may choose to use centralized administration, decentralized administration, or a combination of both. Whichever method is used, a state must use all federal funds and state matching funds for student awards. (A state is not permitted to use either federal funds or state matching funds to help defray administrative costs.)

Centralized Administration

Most states, particularly those with well-established state student assistance programs, use centralized administration. In centralized administration, a single state agency receives and processes student applications, notifies students of awards, verifies attendance, makes disbursements, and keeps complete records on all student awards.

Decentralized Administration

In other states, particularly those with relatively new state programs, the designated state agency delegates certain functions to participating schools. This is called decentralized administration. In these cases, funds available through the state agency are generally suballocated to eligible schools on the basis of enrollment or need formulas. The schools recommend potential LEAP recipients to the state agency, which approves individual awards from these fund allotments. In states that use decentralized administration, funds awarded under these programs are still considered to be state aid and not institutional aid.

Location of Student Files

In the centrally administered state programs, actual student files are located in the state agency. In decentralized state administration, which requires schools to process much of the student information, the financial aid administrator gives the state agency the information needed for formal approval of individual student awards. In either case, to monitor the use of LEAP funds, schools examine student files to verify that recipients met all eligibility criteria and received the correct award amount.

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SCHOOL PARTICIPATION

Within the limits of federal statutes and regulations, states determine eligibility standards in terms of their own fiscal, constitutional, and statutory restraints. See *FSA Handbook, Volume 2: Institutional Eligibility and Participation* for details about federal limits on school participation.

Schools that are licensed by their state agency as clock-hour institutions must use clock hours to determine a student's eligibility for FSA funds. (See *FSA Handbook Volume 2: Institutional Eligibility and Participation*)

All nonprofit institutions of higher education in a state are eligible to participate, except when participation violates the state's constitution or a state law enacted before October 1, 1978. While states are not required to include proprietary (for-profit) schools in their state programs, the most recent LEAP (formerly SSIG) participation figures show that 26 states made LEAP awards available to students attending such schools.

Other Factors Affecting Participation

School participation may also be affected when some states suballocate available LEAP funds to the various types of schools on the basis of enrollment, need, the availability of non-LEAP aid, and other criteria. In such instances, money not claimed for student awards at one school may be reclaimed by the state and reassigned to other schools.

Relevant Eligibility Requirements Cite

Subpart C of the General Provisions regulations (34 CFR 668.31-39)

STUDENT ELIGIBILITY

Student eligibility criteria for receiving aid from the LEAP Program differ among states depending on constitutional, statutory, or policy restrictions. (Some states have legislated formulas for determining student eligibility and the amount of assistance given to individual students.) However, to be eligible for assistance under the LEAP Program, all students must meet the eligibility requirements and must demonstrate substantial financial need as determined in accordance with the states' criteria as approved by the Secretary. The standards that states may use to determine need are discussed in more detail in the subsection on Student Application Procedures and Awards beginning on page 8 of this volume.

General Eligibility Requirements

The eligibility requirements of Subpart C are summarized briefly below. These requirements are covered in greater detail in *FSA Handbook: Volume 1, Student Eligibility.* In general, the student must

- be either a U.S. Citizen or an eligible noncitizen,
- be enrolled as a regular student in an eligible program at an eligible school,

- have a high school diploma or its recognized equivalent (or be beyond the age of compulsory school attendance in the state where the school is located and have passed an independently administered test approved by the Department),

- be maintaining satisfactory academic progress standards in his or her course of study,

- sign a Statement of Educational Purpose and a Certification Statement on Overpayments and Default, and

- register with the Selective Service, if required.

A student is not eligible for FSA funds if he or she

- is enrolled in an elementary or secondary school,

- has borrowed in excess of the annual or aggregate limits for the FSA loan programs, or

- is in default on a student loan or owes an overpayment on a student grant from the FSA Programs.

If, however, a student owes a refund on a LEAP overpayment, that student would still be eligible to receive additional FSA funds as long as he or she meets all other eligibility requirements and as long as the school can eliminate the overpayment by adjusting financial aid payments (other than Federal Pell Grants) in the same award period in which the overpayment occurred.

Other Factors Determining a Student's Eligibility

Other factors that determine whether a student is eligible for a LEAP award include the state's definition of substantial financial need, its method of determining maximum awards, and the costs that can be covered. Some states limit awards to cover only the cost for tuition and fees; some states include allowances for room, board, and other costs. Some have allowances for commuters. Many state grant programs exclude part-time students and those who attend schools outside the state. Some states have reciprocal arrangements with neighboring states, so that students may receive LEAP funds from their home states even though the students are enrolled in schools in other states. LEAP funds may be awarded to students participating in programs of study abroad that are approved for credit by the home school.

Independent or Less-Than-Full-Time Students

A state's LEAP independent student program funding should be comparable to the overall state program if the entire state program is not contained in the state's LEAP Program. To the extent practicable, the proportion of LEAP funds awarded to independent students in the LEAP Program must be the same proportion of funds awarded to independent students in the state program (or programs) of which the state's LEAP Program is a part.

If a state awards grants to independent or less-than-full-time students, it must allocate a reasonable portion of funds for these awards. The Secretary will determine if the allocation is reasonable on a case-by-case basis, if necessary.

If the state's allocation is based on a formula that includes the financial need of independent or less-than-full-time students, the state must ensure that those students receive a reasonable proportion of LEAP funds.

STUDENT APPLICATION PROCEDURES AND AWARDS

The student must apply to his or her state agency either directly or indirectly through the school. Every award requires the official state agency's formal approval, based on a determination of need. You can find a list of these agencies at the web site listed on page 3 of this volume.

Maximum Award

The maximum award that a student may receive is $5,000 per academic year. The maximum award is reduced proportionately for students who attend part-time. Many states set maximum awards under $5,000.

Most states limit LEAP awards to undergraduates attending at least half-time. However, at each state's option, graduate, less-than-half-time, and other nontraditional students may also be eligible to receive LEAP awards. States may decide whether to make individual LEAP awards that vary according to student need or to give a set amount to all students who meet the established need criteria.

Determining Substantial Financial Need

Student recipients are selected annually on the basis of substantial financial need, according to criteria established by the state and approved by the Department. A state may define need in terms of income, Expected Family Contribution (EFC), or relative need, as measured by cost of attendance minus available resources. Regardless of which need analysis system the state selects, the designated state agency is responsible for final approval of individual student recipients, thus allowing each state to develop consistent methods in awarding aid to candidates statewide.

Need Analysis Systems

Most states measure need by using a single need analysis system for all applicants (the Federal Needs Analysis Methodology). However, in decentralized programs—where schools recommend student candidates for awards subject to the designated state agency's approval—student applications may be processed according to the

need analysis systems used by the schools. In any event, the designated state agency has final authority for selecting recipients who meet the need criteria under standards established for the statewide program.

Dependency Criteria

As discussed in *FSA Handbook: Volume 1, Student Eligibility*, a dependent student who applies for aid from any of the FSA Programs must include parental information on the application. An independent student need only include his or her financial information (and, if married, that of a spouse). The criteria a student must meet to apply as an independent student appear in *FSA Handbook: Student Eligibility*.

The Department may approve, on a case-by-case basis, a state's criteria if they vary from those listed in *FSA Handbook: Volume 1, Student Eligibility*. The state must show that it had good reason to use different criteria. This option to approve different criteria began in the 1995-96 award year.

Alternative Criteria for Determining Dependency Status

States that wish to use variant definitions for "independent student" must provide information concerning their definition when applying for program funds. The information should include a justification, with accompanying supporting documentation, showing why a variant definition should be approved. For example, a state may want to use its own definition because the state may incur excessive costs if required to use the federal definition.

In approving a state's "independent student" definition, the Department might also consider the extent to which the new definition imposes additional data requirements beyond those provided for by the federal definition and the Federal Needs Analysis Methodology.

A state's definition might not differ totally from the federal definition. For example, a state might use the federal definition but might delete the professional judgment provision.

Cost of Applying

To award a student aid, a state may require the student to provide applicant information on the Free Application for Federal Student Aid (FAFSA) or on another free form. In addition, the state may require a student to provide supplemental information on a fee-based supplemental form. If there is a fee for submitting and processing the state information on the supplemental form, the fee must be payable to the state, regardless of whether the information may also be used for institutional aid. Decentralized state grant programs (under which schools participating in the state LEAP programs award state grant funds) must consider state grant funds as state aid and not institutional aid.

FISCAL AND REPORTING RELATIONSHIPS BETWEEN SCHOOLS AND THE STATE AGENCY

State agencies responsible for administering LEAP funds must document their decisions and disbursements in their own central records, in school records, or in both. Variations of student/school rosters are often sent back and forth between the state agency and the schools to verify attendance, provide information related to student need, document disbursement of funds to students or to student accounts, guard against overawards, and help provide required records and reports.

In general, fiscal and reporting relationships between participating schools and the state agencies vary according to whether the states' programs are administered in a centralized or decentralized manner, or in a combined manner. In any case, the state agency must be held accountable for the disbursement of federal funds and for making the required reports to the Department. States are given considerable leeway in demonstrating fiscal responsibility related to administration of the LEAP Program. However, participating schools must meet the federal standards of fiscal responsibility described in *FSA Handbook: Volume 2, Institutional Eligibility and Participation.*

At a minimum, even schools using the most centralized administration must:

- assure that students will meet satisfactory academic standards,
- document the status of grant refunds, and
- document the status of loan defaults.

A school must also document student acknowledgment of awards if funds are paid to the school on behalf of the recipient; furthermore, the school must cooperate in packaging aid to avoid overawards.

In decentralized systems (in which the state agency depends on the school to help screen applicants) school records must document need analysis documentation to justify formal approval of individual awards by the official state agency.

Individual student awards are subject to approval by the designated state agency. Schools may not transfer awards from one student to another without that agency's approval. Schools and state agencies should maintain regular communication so that any funds that become available later in the year will be used for qualified students.

The state agency requires certain school reports to document the disbursement of federal funds to student recipients. The school reports also provide information needed to improve efficiency in the operation of state programs and to provide data for state budgets and for annual reports to the Department.

Recovered Funds Must be Redistributed

All funds (federal plus state) recovered from overawards should be redistributed to other qualified students during the applicable award period unless records for the period have been closed. If these funds are not reissued to qualified students, the state must return the recovered federal portion to the Department.

School Reports Must Document Fund Disbursement

The actual form and content of school reports vary from state to state, depending upon the size and maturity of the state programs, among other factors. There are no standard formats or channels for these school reports. For example, information about recipients by income level may come either from the central office records or from the schools. Communication may follow established procedures or may be developed through cooperative efforts of state and school representatives.

SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP (SLEAP) PROGRAM

The SLEAP Program is an additional component of the LEAP Program. To participate in the SLEAP Program, a state must also participate in the LEAP Program. Also, the SLEAP Program must be administered by the same state agency that administers the LEAP Program. That agency would have to submit all required SLEAP Program reports. This includes a SLEAP application and an annual performance report. The LEAP and SLEAP programs are funded under one appropriation. The initial $30 million of the appropriation funds the LEAP Program. Any amount in excess of the initial $30 million must be used to carry out activities authorized under the SLEAP Program. The funding for the 2002-2003 award year is $67 million for both programs; therefore, there is $37 million for the SLEAP component for the 2002-2003 award year.

The SLEAP Program provides incentive grants to assist states in providing financial assistance to eligible needy postsecondary students. Guidance was issued to the states to help them administer the SLEAP Program. This guidance, posted March 29, 2001 as an Electronic Announcement, is the most recent SLEAP guidance as of the printing of the 02-03 Handbook, and is available on the Information for Financial Aid Professionals (IFAP) web site:

http://ifap.ed.gov

Authorized SLEAP Activities

For the 2002-2003 award year, there are three authorized SLEAP activities. Under the SLEAP Program, a state may:

- Supplement LEAP grant awards by increasing LEAP Program grant award amounts for students, or by increasing the number of LEAP Program grant recipients. The $5,000 maximum LEAP award limit does not apply to the SLEAP funds spent for this purpose. This grant supplement may consist of Federal SLEAP funds or SLEAP matching non-Federal funds, or both, and is accounted for and reported under SLEAP and not LEAP.

- Supplement LEAP community service work-study awards by increasing LEAP Program community service work-study award amounts for students, or by increasing the number of LEAP Program community service work-study recipients. The $5,000 maximum LEAP award limit and the 20% cap on using Federal LEAP funds for community service work-study awards does not apply to the SLEAP funds spent for this purpose. This community service work-study award supplement may consist of Federal SLEAP funds or SLEAP matching funds, or both, and is accounted for and reported under SLEAP and not LEAP.

- Award scholarships to eligible students for merit and academic achievement, or for critical careers. Scholarships for merit and academic achievement can be awarded to eligible students pursuing any field of study. Critical career scholarships can be awarded to eligible students who desire to enter careers in information technology, mathematics, computer science, or engineering, teaching, or other fields determined by the state to be critical to the state's workforce needs.

A state may select one or more of the above activities under the SLEAP Program. A state is prohibited from using SLEAP funds to pay any administrative costs.

Matching Requirements

For every Federal SLEAP dollar a state spends, it must spend at least two dollars from non-federal funds. A state may use any non-federal funds that are spent for any of the authorized activities, as long as those funds are not also being used to match other Federal programs. Non-Federal funds include, but are not limited to, state-appropriated funds or privately-donated funds. Also, because of the recent statutory changes, the matching non-Federal funds must meet the new special rule to qualify as the state's matching share of the SLEAP Program funds.

To qualify as matching funds for the SLEAP Program, the non-federal funds must represent dollars that are in excess of the total dollars that a state spent for need-based grants, scholarships, and work-study assistance in the 1999-2000 award year. The total dollars expended by a state in the 1999-2000 award year must include all the state funds it reported as part of its LEAP Program. The purpose of this special rule is to ensure that the SLEAP Program

generates new funds from a state beyond the amount it spent in the 1999-2000 award year for these kinds of assistance before the start of the SLEAP Program (2000-2001 award year.)

The matching requirement under the SLEAP Program is an aggregate matching requirement for the authorized activities. Therefore, a state may use the non-federal funds for one authorized activity and use the Federal funds for a different SLEAP activity. The non-Federal funds that are used as a match for SLEAP may come from a state program that also contains some LEAP Program funds (federal and state), if all the following conditions are met:

- The non-federal funds are not reported as part of the LEAP Program for the same award year. The fact that part of a state program is reported as LEAP matching funds does not prevent a state from using the part of the program that is not reported as LEAP matching funds as SLEAP matching funds.

- The non-federal funds are not being used as a match for any other Federally-funded program.

- The non-federal funds are used to do one or more of the authorized SLEAP activities.

SLEAP Maintenance - of - Effort

Under the SLEAP Program, the state must assure that its expenditures for the authorized activities, in the aggregate or per student, in the preceding award year were not less than its expenditures for those activities, in the aggregate or per student, in the second preceding award year.

The SLEAP MOE (maintenance of effort) for the 2002-2003 award year requires that a state's expenditures from non-federal funds for the three SLEAP authorized postsecondary activities, in the aggregate or per student, in the 2001-2002 award year must not be less than its expenditures for those same three activities, in the aggregate or per student, in the 2000-2001 award year. See those three activities under the heading "Authorized SLEAP Activities" in this chapter.

Because the 2000-2001 award year data for the total state expenditures for authorized activities included non-federal funds spent on activities that were removed by statutory amendments, the data for that year must be adjusted before it is compared with the 2001-2002 award data. Instructions for this data adjustment for purposes of the 2002-2003 SLEAP MOE were provided in the 2002-2003 Application to Participate in LEAP and SLEAP.

Any non-federal funds that a state spends for any activity or program that falls within any of the three SLEAP authorized activities must be reported in the SLEAP MOE. For example, if a state program offers need-based grants to students pursuing an information technology field of study, the non-Federal dollars funding that program would be counted in the SLEAP MOE. This would apply even if the non-federal funds were used to match another Federal program.

Robert C. Byrd Honors Scholarship Program

CHAPTER 2

Under this program, the Secretary of Education makes available, through grants to the states, scholarships to exceptionally able students for study at postsecondary schools in order to recognize and promote student excellence and achievement.

APPLYING FOR A SCHOLARSHIP

To apply for a scholarship, a student follows the application procedures established by the State Educational Agency (SEA) in the state in which he or she is a legal resident. A "state" is any of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, Virgin Islands, Northern Mariana Islands, and the Freely Associated States (Federated States of Micronesia, Republic of the Marshall Islands, and the Republic of Palau). The SEA is the state board of education or other agency in the state that is primarily responsible for the supervision of public elementary and secondary schools. You can find a list of contacts for these agencies (in PDF format) at the following web site:

http://www.ed.gov/offices/OPE/OHEP/idues/byrd.html

A scholar may attend any public or private nonprofit institution of higher education, proprietary institution of higher education, or postsecondary vocational institution as defined in *FSA Handbook: Volume 2, Institutional Eligibility and Participation.* A student who is attending a secondary school outside of his or her state of residency must apply for a Byrd Scholarship through the SEA of his or her state of residency. This would include a student attending a U.S. Department of Defense overseas school or an out-of-state boarding school.

Byrd Program Contacts

OPE maintains a website on the Byrd Program at: <http://www.ed.gov/offices/OPE/HEP/idues/byrd.html#perform>
This website has contact information if you have questions about the Byrd Program (if it is not administered by FSA)

STATE ESTABLISHES SCHOLARSHIP SELECTION CRITERIA

The SEA establishes procedures for selecting the scholars after consulting with school administrators, school boards, teachers, counselors, and parents. Before each state's selection criteria and application procedures are implemented, they are reviewed and approved by the Department.

Selection Criteria Designed to Meet State Funding Allotments

Each SEA designs its own selection criteria and procedures to ensure that it selects scholars for each award period for which funds are received according to the following allotments:

- Each state selects no fewer than the number of scholars allotted to that state by the Secretary under the statutory formula.

- The District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, Virgin Islands, the Northern Mariana Islands, and the Freely Associated States (the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau) select no fewer than 10 scholarships from each of these jurisdiction's residents.

- All participating states select enough scholars to award all funds allotted for scholarships for each award period.

In addition, the SEA selects scholars

- solely on the basis of demonstrated outstanding academic achievement and promise of continued achievement,

- in such a way that each part of the state, the District of Columbia, and Puerto Rico is represented fairly, and

- regardless of

  Δ whether the secondary schools they attend are within or outside the scholars' states of legal residence;

  Δ whether the postsecondary schools they plan to attend are public or private or are within or outside their states of legal residence;

  Δ the scholars' sex, race, color, national origin, religion, disability, or economic background; and

  Δ the scholars' education expenses or financial need, except that the total amount of financial aid awarded to a scholar for a year of study may not exceed the scholar's total cost of attendance.

ELIGIBILITY TO RECEIVE A SCHOLARSHIP

To receive a Byrd Scholarship, each student must meet the criteria listed below during the same secondary academic year in which the student submits the scholarship application. The student must

• graduate from a public or private secondary school (military schools and home schooled students are not eligible for Byrd) or receive the recognized equivalent of a high school diploma as recognized by the state in which the student resides, and

• have applied to or been accepted for enrollment as a full-time student at an institution of higher education.

Note that the "recognized equivalent of a high school diploma" means

• a General Education Development (GED) certificate, or

• a state certificate received by a student after the student has passed a state-authorized examination that the state recognizes as the equivalent of a high school diploma.

A full-time student is one who is enrolled at an institution of higher education and who is carrying a full-time academic workload as determined by the school under standards applicable to all students enrolled in the same program.

In addition to the two eligibility requirements listed above, a student is eligible to be selected as a scholar if he or she

• is a legal resident of the state to which he or she is applying for a scholarship;

• is a U.S. Citizen or national, or provides evidence from the U.S. Immigration and Naturalization Service (INS) that he or she is

  Δ a permanent resident of the United States; or

  Δ in the United States for other than a temporary purpose and has the intention of becoming a citizen or permanent resident;

• is a citizen of the Freely Associated States (Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau);

• is not ineligible to receive assistance as a result of default on a federal student loan or other obligation, in accordance with the Education Department General Administrative Regulations (34 CFR 75.60);

• is registered with the Selective Service if so required in accordance with the Student Assistance General Provisions regulations (34 CFR 668); and

• is planning to pursue a course of study at an institution of higher education.

A scholar is deemed to be "pursuing a course of study" if he or she is enrolled as a full-time student, as determined by the school he or she is attending under standards applicable to all students enrolled in the same course of study.

Initial scholarship awards

Students can receive up to $1,500 for one year of study. A year of study under current Byrd regulations means the period of time during which a full-time student at an institution of higher education is expected to complete the equivalent of one year of coursework as defined by the school.

CONTINUING ELIGIBILITY CRITERIA

Awards can be renewed for up to three additional years, provided that funds are appropriated and students remain eligible. A scholar continues to be eligible for scholarship funds as long as he or she continues to

- meet the citizenship/permanent resident requirements listed on the previous page,
- be enrolled as a full-time student at an institution of higher education, and
- maintain the satisfactory academic progress standards of the school in accordance with the Student Assistance General Provisions (34 CFR 668).

Full-time Attendance Waiver Example

Wendy F. enrolls full time for the fall semester and enrolls half time for the spring semester. During the spring semester, Wendy's full-time enrollment requirement has been waived. Wendy would then be eligible for half of her full scholarship for the fall ($1,500 x 1/2 = $750).
Because Wendy will be attending half time in the spring and her full-time attendance requirement has been waived, she will be eligible to receive half of the remaining $750 ($750 x 1/2 =$375).

Byrd Scholarships are awarded for a period of not more than four years. If the Byrd Scholar completes his or her undergraduate course of study in three years, that scholar is eligible to receive scholarship funds for only those three years of undergraduate study.

Part-time enrollment allowed after first year

Byrd Scholars must be enrolled full time for the first year of study. If, after the first year of study, the SEA determines that unusual circumstances justify waiving the full-time attendance requirement, the scholar may enroll part time and continue to receive a scholarship payment.

The SEA must prorate any payment for a scholar enrolled part time according to the scholar's enrollment status for the academic period during which he or she

- continues to be enrolled part time, and
- remains otherwise eligible for the award.

Scholarship suspension

A scholar who fails to meet any of the eligibility requirements within an award year will have his or her scholarship suspended by the SEA. The scholar's eligibility remains suspended until the scholar is able to demonstrate to the satisfaction of the SEA that he or she meets these requirements. Once the suspension period reaches 12 months, the scholar's eligibility for that scholarship is terminated.

In exceptional circumstances (defined by the SEA) the scholar's 12-month suspension period may be extended without terminating the scholar's eligibility.

Scholars may postpone or interrupt enrollment

A state agency may permit a scholar to postpone or interrupt his or her enrollment at a postsecondary school for up to 12 months, beginning on

- the date the scholar otherwise would have enrolled in the school after the state agency awarded him or her the scholarship, or

- the date the scholar interrupts enrollment.

Each state agency establishes standards to determine when it will approve a period of postponement or interruption for a scholar. If the state does approve the postponement or interruption, it must document the scholar's subsequent enrollment.

A scholar who postpones or interrupts his or her enrollment is not eligible to receive scholarship funds during the period of postponement or interruption. Upon enrollment or re-enrollment at an institution of higher education, the scholar resumes eligibility to receive scholarship payments. Note that in calculating the scholar's period of suspension, these periods of postponement or interruption are not considered. Thus, any period of postponement or interruption will not be counted against the scholar in calculating the 12 months of suspension.

Scholar may not use funds to attend a foreign school

Note that a Byrd Scholar may not use his or her scholarship to attend a foreign school. The scholar must attend an eligible postsecondary education institution that is located in one of the 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the Freely Associated States (the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau).

However, a scholar who is studying abroad through an institution (home school) that meets the definition of higher education and is located in a state (as described in the previous paragraph) is considered to be eligible to receive funds as long as he or she is

- enrolled at the home school, and

- receives credit from the home school.

FORMULA

$$\frac{\text{Number of scholarships made to the individual state}}{\text{Number of scholarships made to all states}} = \frac{\text{That state's ages 5-17 population}}{\text{All states' ages 5-17 population}}$$

ALLOCATION FORMULA

The Secretary uses the formula illustrated below to assign Byrd Scholarships to each participating state:

The population figures used in this formula are determined from the most recently available data from the Bureau of the Census.

PACKAGING OF BYRD SCHOLARSHIP WITH OTHER FSA FUNDS

Under Byrd regulations that took effect in September 1993, the SEA must ensure that the total amount of federal financial aid awarded to the Byrd Scholar does not exceed the scholar's total cost of attendance. If any federal loans are part of the scholar's financial aid package, they must be reduced prior to reducing the Byrd Scholarship. If the scholar is receiving a Pell Grant, though, the Byrd Scholarship must be reduced prior to reducing the Pell Grant. Section 419 J of the Higher Education Act, as amended, states that a Federal Pell Grant must not be reduced on the basis of the receipt of a Byrd Scholarship.

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